



2020 Annual Limits Relating to Financial Planning

Compiled by the faculty of the College for Financial Planning—a Kaplan Company

Retirement Plans	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$19,500
Catch-up contribution	\$6,500
Defined contribution (§415(c)(1)(A))	\$57,000
Defined benefit (§415(b)(1)(A))	\$230,000
SIMPLE plan	\$13,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$285,000
Highly compensated employee	
Lookback to 2019	\$125,000
Lookback to 2020	\$130,000
Key employee (top-heavy plan)	>\$185,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$6,000
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$65,000–\$75,000
Married filing jointly	\$104,000–\$124,000
Married filing separately	\$0–\$10,000
Non-active participant married to active participant	\$196,000–\$206,000
Roth IRA phaseout	
Single	\$124,000–\$139,000
Married filing jointly	\$196,000–\$206,000

Social Security	
SS wage base	\$137,700
FICA tax rate—employee ³	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$18,240
Persons reaching FRA (\$1 for \$3)	\$48,600
(Applies only to earnings for months prior to attaining FRA)	
Social Security cost-of-living adjustment	1.6%
Quarter of coverage	\$1,410
Maximum benefit: worker retiring at FRA	\$3,011
Estimated average monthly benefit	\$1,503

Social Security FRA			
Year of Birth	Social Security FRA	Year of Birth	Social Security FRA
1943–54	66	1958	66 and 8 months
1955	66 and 2 months	1959	66 and 10 months
1956	66 and 4 months	1960 and later	67
1957	66 and 6 months		

Estate and Gift Tax	
Annual gift tax exclusion	\$15,000
Estate and gift tax basic exclusion	\$11,580,000
Applicable credit amount	\$4,577,800
Generation skipping exemption	\$11,580,000
Maximum estate tax rate ⁴	40%

Medicare	
Monthly premium:	
Part A ¹	\$458
Part B ²	\$144.60
Part A:	
First 60 days—patient pays a deductible	\$1,408
Next 30 days—patient pays per day	\$352
Next 60 days (lifetime reserve days) patient pays per day	\$704
Skilled nursing benefits	
First 20 days—patient pays per day	-0-
Next 80 days—patient pays per day	\$176
Over 100 days—patient pays per day	All costs
Part B:	
Deductible	\$198
Coinsurance	20%
Part D (Prescription Standard Benefit Model):	
Deductible	\$435
25% coinsurance on next	\$4,020
Out-of-pocket (OOP) threshold	\$6,350
Beneficiary then pays coinsurance amount for additional covered expenses.	

2020 Medicare Part B Premium Rates:			
YOU PAY		If your 2018 income was:	
Premium	Part D Surcharge	Single	Married Couple
\$114.00 Hold Harmless		\$87,000 or less	\$174,000 or less
\$144.60—not Hold Harmless		\$87,000 or less	\$174,000 or less
\$202.40	\$12.20	\$87,001–\$109,000	\$174,001–\$218,000
\$289.20	\$31.50	\$109,001–\$136,000	\$218,001–\$272,000
\$376.00	\$50.70	\$136,001–\$163,000	\$272,001–\$326,000
\$462.70	\$70.00	\$163,001–\$500,000	\$326,001–\$750,000
\$491.60	\$76.40	Above \$500,000	Above \$750,000
YOU PAY	Part D Surcharge	If you are married, filing separately, and your 2018 income was:	
\$144.60		\$87,000 or less	
\$462.70	\$70.00	\$87,001–\$413,000	
\$491.60	\$76.40	Above \$413,000	

FIGURE - 1

- The Part A premium of \$458 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$252 per month.
- Beneficiaries not subject to the "hold harmless" provision includes persons not receiving Social Security, those who enroll in Part B for the first time in 2020, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium. See Premium Rates (Figure 1)
- The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employed, the SECA is 12.40% for OASDI and 2.90% for HI.
- A deceased spouse's unused credit amount is portable to a surviving spouse.

Previous years may be found at:
<https://www.kaplanfinancial.com/wealth-management/resources/>

Standard Mileage Rates (2019)	
Business use	57.5¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical use	17¢ per mile

Miscellaneous Items	
PBGC maximum monthly benefit (at age 65)	\$5,812.50
LTC per diem limit	\$380
LTC premium as medical expense limitation	
Age 40 or under	\$430
Age 41-50	\$810
Age 51-60	\$1,630
Age 61-70	\$4,350
Age 71 or older	\$5,430
Qualified Transportation Fringes (monthly)	
Commuter highway vehicle/transit pass	\$270
Qualified parking	\$270
Qualified Longevity Annuity Contract	Max \$135,000
Health Care Flexible Spending Account	Max \$2,750

LTCG Rates Based on Taxable Income			
Filing Status	0% rate	15% rate	20% rate
Single	up to \$40,000	\$40,001-\$441,450	over \$441,450
Head of household	up to \$53,600	\$53,601-\$469,050	over \$469,050
Married filing jointly	up to \$80,000	\$80,001-\$496,600	over \$496,600
Estates and trusts	up to \$2,650	\$2,651-\$13,150	over \$13,150

2020 Tax Rate Schedules				
If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
Single Taxpayers (other than surviving spouses and heads of households)				
\$0	\$9,875	10% of taxable income		
9,875	40,125	\$987.50	12%	\$9,875
40,125	85,525	4,617.50	22%	40,125
85,525	163,300	14,605.50	24%	85,525
163,300	207,350	33,721.50	32%	163,300
207,350	518,400	47,367.50	35%	207,350
518,400	—	156,253	37%	518,400
Heads of Households				
\$0	\$14,100	10% of taxable income		
14,100	53,700	\$1,410	12%	\$14,100
53,700	85,500	6,162	22%	53,700
85,500	163,300	13,158	24%	85,500
163,300	207,350	31,830	32%	163,300
207,350	518,400	45,926	35%	207,350
518,400	—	154,793.50	37%	518,400
Married Individuals (and surviving spouses) Filing Joint Returns				
\$0	\$19,750	10% of taxable income		
19,750	80,250	\$1,975	12%	\$19,750
80,250	171,050	9,235	22%	80,250
171,050	326,600	29,211	24%	171,050
326,600	414,700	66,543	32%	326,600
414,700	622,050	94,735	35%	414,700
622,050	—	167,307.50	37%	622,050
Married Individuals Filing Separate Returns				
\$0	\$9,875	10% of taxable income		
9,875	40,125	\$987.50	12%	\$9,875
40,125	85,525	4,617.50	22%	40,125
85,525	163,300	14,605.50	24%	85,525
163,300	207,350	33,271.50	32%	163,300
207,350	311,025	47,367.50	35%	207,350
311,025	—	83,653.75	37%	311,025
Fiduciary (estates and trusts) Taxpayers				
\$0	\$2,600	10% of taxable income		
2,600	9,450	\$260	24%	\$2,600
9,450	12,950	1,904	35%	9,450
12,950	—	3,129	37%	12,950

Health Savings Account	
Minimum Deductible Amount	
Single	\$1,400
Family	\$2,800
Maximum Out-of-Pocket Amount	
Single	\$6,900
Family	\$13,800
HSA Statutory Contribution Maximum	
Single	\$3,550
Family	\$7,100
Catch-up contributions (age 55 or older)	\$1,000

Education	
EE bonds for education—exclusion phaseout	
Single	\$82,350-\$97,350
Married filing jointly	\$123,550-\$153,550
Coverdell Education Savings Account (\$2,000 limit) phaseout	
Single	\$95,000-\$110,000
Married filing jointly	\$190,000-\$220,000
Lifetime Learning Credit—20% of qualified expenses up to \$10,000	
Single	\$59,000-\$69,000
Married filing jointly	\$118,000-\$138,000
American Opportunity tax credit—maximum of \$2,500	
100% up to \$2,000 of qualified expenses	
25% on next \$2,000—phaseout:	
Single	\$80,000-\$90,000
Married filing jointly	\$160,000-\$180,000
Education loan deduction (\$2,500) phaseout	
Unmarried	\$70,000-\$85,000
Married filing jointly	\$140,000-\$170,000

Income Tax	
Standard deduction	
Single	\$12,400
Married filing jointly	\$24,800
Head of household	\$18,650
Married filing separately	\$12,400
Kiddie tax limited standard deduction	\$1,100
Individual eligible to be claimed as dependent—greater of \$1,100 or earned income plus \$350, not to exceed full standard deduction of \$12,400.	
Elderly or blind additional deduction	
Single	\$1,650
Married	\$1,300
Section 179	
Maximum election	\$1,040,000
Phaseout begins	\$2,590,000
Adoption credit (nonrefundable)	
Maximum	\$14,300
Phaseout	\$214,520-\$254,520
Medicare Contribution tax and additional Medicare tax	
Single	\$200,000
Head of household	\$200,000
Married filing jointly	\$250,000
Child tax credit	
Dependent under age 17	\$2,000
Other dependents	\$500
Phaseout (\$50 for every \$1,000 over)	
Single	\$200,000
Married filing jointly	\$400,000

Alternative Minimum Tax (AMT)	AMT Rates	
	Exemption	Phaseout
Single	\$72,900	\$518,400
Married filing jointly	\$113,400	\$1,036,800
Married filing separately	\$56,700	\$518,400
Trusts and estates	\$25,400	\$84,800

26% up to \$197,900 of AMT base
28% over \$197,900 of AMT base

